

CHAPTER 7

Economic Development & Redevelopment

Introduction

Economic development is an essential activity of local governments. They act to make local markets work more efficiently; they supply infrastructure, such as roads, water, and sewer; they collect taxes; and they regulate use of the land, buildings, and activities that take place on the land. Economic development involves public sector collaboration with private entities to promote and improve local economies. Successful economic development requires cooperation among government, business, educational institutions, and civic organizations.

Communities also compete with each other, both regionally and in an increasingly global marketplace. When business and industry have so many choices of places to locate—now that most of them are no longer required to locate near natural resources—to attract those businesses a city must capitalize on local assets, such as a skilled workforce; quality transportation resources; comprehensive telecommunications services; good climate; proximity to cultural, educational, natural, and recreational resources; and availability of attractive housing and retail opportunities, among others. Many of these assets are interconnected. For example, a quality public educational system is an essential prerequisite for a skilled workforce. The importance of Lynchburg Public Schools and Central Virginia Community College cannot be understated as a means of maintaining a skilled workforce. A city whose economic development objectives complement those of the surrounding localities will have a stronger base to attract new business and retain existing businesses.

The goals of an economic development program include a combination of: job creation, job retention, tax-base creation, increase in property values, retention of wealth, reduction of poverty, economic stability, and economic self-sufficiency.

Economic development is one of the Lynchburg City Council's "Few Vital Priorities." These ten priorities, initially identified by the Council in November 2000 and reaffirmed in 2001, are defined as areas upon which City staff should focus its resources. Closely related priorities are Downtown Development/Redevelopment and Increased Real Estate Value. In an older city like Lynchburg with limited vacant land and significant topographical constraints, redevelopment—of previously developed sites and underutilized or vacant buildings—is an important part of economic development.

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In several respects, Lynchburg is an economically favored city. From its auspicious beginnings at the site of the safest place in the area to cross the James River, to the decision around 1800 to process tobacco locally rather than send it to Richmond, Lynchburg became the commercial and social center of the region. The James River & Kanawha Canal came to the City in the mid-1800s, as did the railroad, after citizens voted to finance it themselves. State lawmakers then agreed to provide half the funds for the railroad.

Because it did not suffer the devastation during the Civil War that affected many other parts of the state, the City was able to get back to business shortly afterwards. Tobacco was again the major product. But, by late in the 1800s, North Carolina tobacco became more desirable for the new machine-made cigarettes. So, Lynchburg turned from heavy reliance on that industry to others, including pharmaceuticals, shoes, textiles, and foundries. These industries continued to be the economic backbone of the area until the end of World War II. After the war, the City experienced commercial growth, but began to struggle with competition from foreign imports during the 1950s. The closing of some of these older industrial employers was, fortunately, offset by the relocation to Lynchburg of new industries, such as General Electric and Babcock & Wilcox. Ever since, Lynchburg has pursued a multi-industry approach to economic development. This diversified approach has served the City well and continues to be its goal.

Current economic development efforts are focused on retention and expansion of existing businesses throughout the City, along with redevelopment of the Downtown. More information about the Downtown & Riverfront Master Plan 2000.

Partners in economic development efforts continue to be the major industries in the City, smaller businesses, Virginia's Region 2000, the Greater Lynchburg Chamber of Commerce, Lynch's Landing, the Region 2000 Regional Commission, and City government, especially the Office of Economic Development and the Lynchburg Industrial Development Authority.



Two Lynchburg businesses: Community First Bank (top) and High Peak Sportswear (bottom).

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The City's Comprehensive Plan offers an opportunity to coordinate economic development with long-term land use planning. As noted above, this coordination is critical if the City is to make the best use of its remaining land and buildings.

As part of the preliminary analysis for the Plan, Economics Research Associates (ERA) examined employment growth trends and projections in the Lynchburg Metropolitan Statistical Area (MSA). In addition to the City of Lynchburg, the MSA includes: the City of Bedford, and Amherst, Bedford, and Campbell counties. Focusing on the MSA rather than just the City incorporates the regional impacts of growth and development and is a more accurate reflection of commercial, retail, office, and industrial markets. It recognizes the fact that people who live in one of the surrounding counties may work and shop in Lynchburg, and conversely. Lynchburg should continue to be the region's retail and commercial hub, while coordinating its economic development efforts with those of the surrounding counties and the City of Bedford.

ERA's examination of trends and projections led to the identification of planning targets for commercial development that will guide the development of public policy initiatives in this Plan. These planning targets cover a 20-year period (2000-2020) and rely on employment projections prepared by Woods & Poole, Inc., a demographic forecasting firm based in Washington, DC. More detailed information and statistics on economic trends, markets, and related demographics are found in Chapter 3, Planning Context. These include data on population figures and projections, data from the 2000 census, employment data and projections, and comments on regional growth. The Planning Context also includes information on market trends for housing, business, and industry.

Also to support the preparation of this Comprehensive Plan, ERA developed and tested an economic impact assessment model. The primary use of this model will be for the evaluation of development proposals that are submitted to the City for consideration.

When a proposed program of development for a site is entered in the model, the following potential economic impacts of the proposal are estimated:

- Construction investment
- Temporary construction income/state income taxes during construction
- Permanent new jobs/new annual state income taxes
- Net new annual City property taxes
- New annual retail sales taxes
- New residents
- Retail and restaurant space supported by new employees and residents

Various alternative programs of development can be tested to compare their potential economic impacts and thereby assist the City in making decisions about appropriate land use(s) for sites proposed for rezoning or conditional use permits.

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In particular, when the program of development is modified to lessen traffic, environmental, or other community impacts, the resultant change in economic impact can be determined. The model also calculates the percentage of ERA's projected 20-year demand for retail, office, industrial, R & D and hotel/motel space that the proposed development accommodates. This allows the City to understand how its decisions might affect future development potential on other sites. For example, if a development proposed for a "greenfield" site at the edge of the City would accommodate 95% of the projected 20-year retail demand, then that leaves little demand for revitalizing downtown or older shopping centers.

During the comprehensive planning process, the recommended land uses for three key sites in the City were tested using the economic impact assessment model: McConville Farm, Graves Mill business/technology site, and the Plaza Shopping Center. The first two sites are currently undeveloped, while the Plaza Shopping Center site would involve redevelopment. A number of programs of uses were tested and those recommended in this plan were selected so as to generate favorable economic impacts while accommodating reasonable portions of the projected 20-year demand for the various uses tested.

Copies of the economic impact assessment model and the results of its application to the three sites are available in the Department of Community Planning & Development.

Context & Recommendations

Lynchburg, now a city of 50 square miles, has a limited amount of vacant land remaining. One reason is the topography; many sites are sloped (some steeply) or crossed by one of the City's many streams. Sites for buildings requiring large floorplates or large, flat parking areas are the most limited. There are many more sites available for smaller businesses.

A number of sites have vacant buildings of varying sizes and conditions. Future users of these sites face either renovation of the buildings or demolition and new construction. The added cost of dealing with these existing buildings must be factored into a company's expansion/relocation calculations. The City should look into additional incentives to encourage businesses to reuse previously developed sites. Reuse would both lessen demand for "greenfield" sites, some of which would be outside the City, and preserve the City's remaining vacant sites for those users that required them.

The Plan Framework Map included in Chapter 4 identifies several areas in which the City would like to focus new businesses. Concentrating businesses, rather than scattering them throughout the City, means business users are more likely to meet their needs in the same area. Less travel will be necessary, thereby lessening traffic congestion, and businesses in the same area can market their

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proximity. These focus areas are along major corridors, such as Lakeside Drive (the future Crosstown Connector), Old Forest Road, and Wards Road, among others. During preparation of the corridor study and plan for each area, suitable sites for businesses of different types and sizes will be identified and publicized. Other areas are the City's three major business/technology and employment areas: Lynchpin Center, Graves Mill, and First Lynchburg Industrial Park. Great care needs to be taken by the City during planning for these areas to encourage the most appropriate uses, based on type of business and space needs.

Development, particularly retail, has followed a pattern that reflects nationwide trends. From its founding as a City, the downtown area was the major retail location. Then, in 1960, the Plaza Shopping Center was built at the intersection of Lakeside Drive and Memorial Avenue. Many retailers moved from downtown to the Plaza, beginning the downtown's decline. In the 1980s, many of these same retailers joined others to move to the new River Ridge Mall. And, most recently in the late 1990s, new "big box" retail development has focused on Ward's Crossing, the new "power center," and the immediately surrounding area. As noted on the Future Land Use Map, the City has three levels of retail, based on market served: neighborhood, community, and regional. The smallest businesses are neighborhood serving ones where most of the patrons will either walk from the surrounding neighborhood or drive a short distance. Community commercial will feature those businesses that will attract customers from throughout the City; a customer might drive across town. The largest retailers are those which will attract customers from throughout the region, well beyond the City limits. Retailers in Ward's Crossing are examples of regional commercial.

The City, along with Lynch's Landing, is now working to revitalize the downtown by encouraging unique retailers and other businesses to renovate existing buildings. There are a number of incentives available to facilitate this process. The City is also providing infrastructure improvements to support the revitalization process.

In the future, the City faces a number of issues. First, the City will work to persuade businesses to locate in the City. If an appropriate City site is not available, then the business will be referred to other sites in the region. As the number of vacant sites, especially large ones, in the City decreases, large parcels just outside the City limits will become increasingly attractive to retail developers. Because of the separation of cities and counties in Virginia, loss of a business to a location just outside the City limits in one of the surrounding counties means that the City will lose sales tax and possibly other revenues.

In order to make the best use of limited land resources and to identify possible incentives for location and expansion of business in the City, the Office of Economic Development should prepare an Economic Development Strategic Plan. Along with the goals, objectives, and strategies in Chapter 5, Citywide Land Use &

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Development; Chapter 6, Design, Character & Quality; Chapter 8, The Downtown & Riverfront Master Plan 2000; Chapter 9, Commercial & Employment Areas; and Chapter 14, Transportation, the Economic Development Strategic Plan will serve as the basis for sound economic planning in Lynchburg.

Note: Some of the information in the Introduction was drawn from Creating an Economic Development Action Plan, Thomas Lyons and Roger Hamlin; and from Lynchburg Life: 2001, published by the Lynchburg Regional Chamber of Commerce.

Goals, Objectives & Strategies

Goal 1. Develop a comprehensive Economic Development Strategic Plan to guide the overall economic growth of Lynchburg, diversify employment, and expand the City's tax base.

Objective 1.A. Strategic Planning. Prepare an Economic Development Strategic Plan that establishes long- and short-term economic development priorities and strategies.

- 1) Identify how the City can build competitive advantage by maximizing its strengths and opportunities and addressing its challenges.
- 2) Identify areas of potential beyond traditional "bricks and mortar" economic development (e.g., technological advances to enable the City to remain competitive).
- 3) Create a multi-year strategy of programs, activities, and projects to achieve the City's overall economic development and redevelopment objectives.
- 4) Identify resources (e.g., public, private, nonprofit), how these resources will be used, and for what programs/investment opportunities.
- 5) Create an implementation schedule and focus on those activities and projects with the greatest chance of success.

Objective 1.B. Coordination. Coordinate local and regional economic development, land use, and transportation planning processes.

- 1) Provide a mechanism to coordinate economic development efforts and work completed to date by individuals, organizations, local governments, private industry, and other partners.
- 2) Ensure broad public and private participation as a framework for public and private decisionmaking.
- 3) Coordinate/grow the City's network of resources and partners (e.g., capital, technical assistance) available for economic development and redevelopment initiatives.

Objective 1.C. Assessment and Monitoring. Assess and monitor the state of the City/regional economy.

- 1) Use the findings of market research completed as part of the Comprehensive Plan update and the Downtown and Riverfront Master Plan 2000 (and additional research as necessary) to understand economic development and redevelopment problems and opportunities; strengths and weaknesses; and elements affecting the local economy (e.g., demographics, socioeconomic data, labor force characteristics, growth sectors).
- 2) Research past, present, and potential contributions of the City's major economic sectors to employment growth, income levels, and City revenues.
- 3) Compare the City's economy to that of the MSA and the Commonwealth.
- 4) Review factors that affect the City's economic performance (e.g., regulations and guidelines, financial resources or limitations, energy costs, taxes, bonding capacity, and land use patterns).

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Objective 1.D. Progress Evaluation. Develop a process for reviewing and evaluating the progress of the Economic Development Strategic Plan.

- 1) Evaluate the Strategic Plan's overall progress and success by creating performance criteria and benchmarks against which progress can be measured.

Goal 2. Coordinate existing efforts regarding business development, encouragement of entrepreneurship, and recruitment strategies.

Objective 2.A. Business Expansion. Ensure opportunities for existing businesses to expand in appropriate locations.

- 1) Identify areas of Lynchburg that are appropriate for redevelopment to accommodate expansion of existing or new businesses.
- 2) Explore the feasibility of entering into joint-venture agreements with surrounding jurisdictions (counties) to develop sites for business and industrial uses to accommodate expansion.
- 3) Expand and diversify job opportunities for current and potential new residents.

Objective 2.B. Marketing and Recruitment. Coordinate existing marketing and recruitment strategies for new businesses.

- 1) Identify the mechanisms/tools critical to attracting new office, high-tech, research & development, and industrial uses.
- 2) Review and update the list of uses permitted under the City's Zoning Ordinance to reflect changes in the type, scale, and use characteristics of emerging industries.
- 3) Create new zoning categories (e.g., mixed-use or technology districts) that recognize and accommodate the needs of "clean" industries, such as high-technology enterprises that generate minimal impacts.
- 4) Attract new residents through expanded and diversified job opportunities, as well as other quality of life opportunities.

Objective 2.C. Development Sites. Ensure the preservation of development sites for large-scale, job-producing projects.

- 1) Focus on undeveloped areas of the City identified in the Comprehensive Plan as suitable for large-scale projects to accommodate future economic development activities.
- 2) Protect these areas from conversion to inappropriate uses (e.g., residential, retail).
- 3) Ensure that sites available for new development attract uses that are compatible with adjacent areas, are environmentally appropriate, and are supported by adequate infrastructure.

Objective 2.D. Redevelopment. Encourage redevelopment of appropriate core and inner-ring locations and buildings.

- 1) Identify appropriate locations (e.g., in-fill and brownfields sites) where redevelopment will support the expansion of existing and attract new economic development activities.
- 2) Use/implement the recommendations outlined in the Downtown & Riverfront Master Plan 2000 to help guide overall redevelopment in core locations and buildings and to reinforce the downtown as the region's core.
- 3) Consider increasing minimum lot sizes to encourage land assembly and redevelopment to the highest and best use.
- 4) Explore the feasibility of converting vacant and/or underutilized commercial buildings to office or mixed-use.

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- 5) Ensure that redevelopment activities are compatible with adjacent areas and buildings, environmentally appropriate, and supported by adequate infrastructure.

Goal 3. Implement appropriate City policies designed to maximize citywide economic development strategies.

Objective 3.A. Policy Review. Review and amend existing or implement new City policies to maximize economic development potential.

- 1) Ensure flexibility in zoning codes by identifying site, building, buffer, design, and other code provisions that restrict development potential—particularly for large-scale economic development activities (e.g., adjacent to Lynchpin Industrial Park).
- 2) Determine if code changes will meet these objectives without negative impacts on environmental sensitivity, cultural resources, and surrounding land uses.
- 3) Develop reasonable performance standards to mitigate potential negative impacts of commercial and industrial development while meeting physical planning objectives (e.g., landscaped buffers, design guidelines).
- 4) Coordinate the City's planning efforts with economic development initiatives to minimize potential conflicts and ensure risk reduction (e.g., truck traffic, noise, odor, circulation, access, environmental impacts).
- 5) For projects involving City participation (e.g., rezoning, transportation improvements, financial participation), prepare impact studies for City review (e.g., cost/benefit and fiscal impact analyses, highest & best use studies, market demand and financial feasibility analyses).

Objective 3.B. Incentives. Consider offering appropriate public incentives to achieve citywide economic development and redevelopment objectives.

- 1) Create a package of appropriate, tailored financial incentives with a guaranteed annual funding stream and technical assistance designed to achieve/maximize the objectives identified above (e.g., a low-interest loan pool to fund building rehabilitation, property acquisition, loan guarantees, rent abatements).
- 2) Document and promote property tax abatements in selected locations for appropriate businesses that meet performance measurements (e.g., minimum jobs created) identified in the Citywide Economic Development Strategic Plan and the Comprehensive Plan.
- 3) Focus on redevelopment of appropriate locations citywide and ensure that the overseeing City agency is armed with critical tools to carry out its mission (e.g., financial incentives, bonding capacity for site/building acquisition, powers of eminent domain).
- 4) Create new zoning categories to accommodate existing business expansions and the recruitment of new businesses in specific industries (e.g., emerging or "clean").
- 5) Balance City economic development strategies while protecting the quality of life in such areas as environmental quality, land conservation, recreational opportunities, and residential quality.
- 6) Balance neighborhood enhancement and protection with economic development objectives.